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SECULAR CYCLES

ECONOFICTION CAPITALISM, CRISIS, CYCLES, ECONOMY, MARXISM

I am constantly reading, albeit in excerpts, the beautiful work by Peter Turchin and Sergey A. Nefedov: "Secular Cycles" published by Princeton Press. Re-reading it causes me each time (and, I must say, in spite of myself) a bursting rush, a torrent, of thoughts. The first one, however, is certainly, "We have before our eyes the correct interpretation of the causes of the problems around us, and that is already having at our disposal half solutions, but we do not want to read it!" Human beings are made this way: they act according to the principle of economy (continuous search for minimum effort and maximum result) and in so doing avoid facing the most difficult paths of life, preferring the "highways" that lead to seeking evanescent and illusory very short-term solutions to long-term problems. Or at the other extreme he pushes into the various forms of denial of reality: drugs, alcohol and various

addictions, para-pathological hedonism in its various forms, despair and armed struggle against windmills!

What is the connection of Turchin and Nefedov's analyses with our everyday reality? The point is precisely this: the connection is very distant, thus almost invisible, but very strong indeed, I dare say it is a deterministic one! In detail, Turchin and Nefedov have

“mathematically” analyzed the historical cycles of the last two millennia by considering the major social, demographic and natural resource dynamics and have discovered puzzling regularities of process, with a model that roughly results as follows:

In such a process, each cycle has similar characteristics in its unfolding. It lasts for centuries, with phases articulated, in turn, over several generations. The process includes, at the end of the development and initial consolidation phase, a phase of stagflation: understood as a progressive weakening of the purchasing power of the median citizen. Doesn't this sound familiar with the problems faced by families today somewhat in all Western countries?

Instead, during this phase the oligarchy is still accumulating, but it is an accumulation that takes place by transferring from the weaker to the stronger party. Again: does this not suggest anything to you? During the “good” expansion phase—that up to the 1970s, to be clear: see below Galbraith—accumulation occurs, on the other hand, mainly by drawing on natural capital and/or outside.

Now, although the current cycle is still ongoing it does indeed appear to follow, to a high degree of approximation, the pattern of Turchin and Nefedov (as well as that of Kondratieff, if we define the length of the “seasons” appropriately). Economist James K. Galbraith in his recent “The End of Normal” comes to similar conclusions from a purely economic angle, placing the high point in the expansion of the U.S. economy around 1970. Since then we have entered – we are talking about the Western bloc, in which Italy and the Eurozone find themselves, of course – a phase of stagflation, partially masked by financialization – pulled out of the hat by neo-liberalism – which has caused hyperinflation in the value of financial axes but deflation in median purchasing power.

The poor countries and now also the UK and Europe are the soft and weakest part of the North American empire (as they can be “robbed” in order to transfer what is left to the oligarchies in the center of the empire), where the warnings of the next cycle (the destruction of the state) is already evident. They are also, similarly, the “expendable” pawns in a game of “last man standing” against the rising new global powers, the “incumbents”: a not insignificant aspect of which the political powers do not seem to be able – or willing – to take into account.

The main indication is the loss of compactness within the ruling classes. The shattering has become blatant in the UK where, for example, in the past (we talk about the crime when all the culprits have disappeared ... at least politically), the likes of Cameron and Boris Johnson—members of the top elite—have faced off against each other with no holds barred. They are blatant in Germany where elites with different orientations are behind AfD; they are obvious in Italy where local elites are divided between those who have benefited from monetary union and those who have descended downward to the point of blending with the middle class. Against this backdrop are the everyday dreams of the new generations, which, of course are incompatible with the reference context just described, and the feeling of the man in the street who feels he is “sliding down” is perfectly consistent. As is the case, for example, in Canada according to the news published by “Deepdive”: “Canadian Pessimism Peaks: 70%

Expect Lower Living Standards for Next Generation.”

In short: People don't know what it is about but they feel that something is wrong. Not knowing what it is creates distress and discomfort; to solve this distress it is essential to face reality. If one does not know the problem, it is not possible to seek a solution and a sense of helplessness prevails.

Instead, in the face of the widespread social malaise that is observed in Western countries—“moralistic” and customary analyses are often conducted, or at most analyses that, we might say, refer to “Civic Education”: “this is not good because it is not consistent with the rules, with the laws, and society is steeped in hypocrisy and media that provide us with a distorted representation of reality” in a neo-liberal attempt to make people believe that everything is proceeding for the best.

Even though this is all true and correct, adopting this kind of criticism I do not think does a good service to the ordinary citizen (or reader) and, more importantly, I do not think it gets anywhere. On the contrary, you play into the hands of those powers that are basically interested in maintaining the “status quo.” Like a pressure cooker you do indeed allow steam to escape, emitting a whistle but basically solving nothing since “the fire still remains burning” and energy continues to accumulate inside the pot.

Instead, we need to understand that the behaviors we observe – although harmful and non-resolving – are the result of the adaptation of human beings to the objective and material conditions in which they find themselves: they behave in a way that is “unethical” or, trivializingly, “contrary to civic education” because the individual's survival instinct overrides the need to keep the social system “healthy,” avoiding distortions that undermine its smooth survival and prevent prosperity (to which I would add the happiness of individuals) in the long run. In short, the “let's hope I get away with it” prevails over the beauty and harmony of healthy growth dictated by shared rules: the denial of the happiness principle prevails because of fear and Pavlovian reaction to contingent material constraints/constraints. The point is that we need to seek, assuming it exists and I think it does, an arrangement in which growth and development return to being driven by accumulation that occurs predominantly by drawing on natural capital, especially intangible capital, and/or outside national/continental borders. Energy in this context plays a primary key role. According to Tim Morgan (Perfect storm, energy, finance and the end of growth) a critical system-level factor is the ratio of energy extracted to energy consumed for the related extraction process, which is measured by the mathematical equation EROEI (energy return on energy invested) that prevails in determining the smooth functioning of the economic-social system over the concept of absolute amount of energy available.

The function is nonlinear, and once we fall below a certain critical level there is a dramatic collapse in the energy surplus, combined with a sharp escalation in its cost and consequently in almost all energy-related assets itself, including of course food.

Western contradictions, and related clashes among elites, have become evident in the U.S. with Trump whose expression of elites with an isolationist outlook closer to Andrew Jackson than to the line that emerged victorious during the 20th century is silent.

Despite the obvious interconnectedness of every corner of the planet, a fact that conditions any historical analysis that seeks to draw from a very different past, the historical cycles of West and East are staggered. Thirty years ago the economy of non-Western countries counted for about 30 percent while now it is 60 percent despite the dollar/euro being reserve

currencies and therefore overvalued as purchasing power. It is impossible for such a profound reversal of “relative economic strength” not to be accompanied by a profound shift in the balance of power in finance.

Brexit, a resounding defeat of the U.S. empire that comes out weakened, on its own would be of little relevance, but linked to the myriad of events since 1970 seems to me to point clearly to the end of the “Western” cycle: countries in demographic crisis, lacking the natural capital on which to build the operational/financial leverage that is the basis of a sound and structured economy capable of expressing new potential and unable to “take it” (let us not use the term “steal it,” which may refer to colonialism of old) outside because it is scarce or because of the presence of other states that are further behind in the secular cycle and cannot be confronted militarily. Doubt of the real strength of the West is evident from the 2009 crisis this is just one more push to proceed to a stronger integration between their economies and to get out of the euro/dollar dilemma that poses exacerbating risks in the medium term.

A striking proof of the current stagflationary phase is the “secular stagnation” (a definition formulated in 2014 by Laurence H. Summers borrowing it from economist Alvin Hansen, who coined it during the Great Depression of the 1930s) into which the capitalist economy, particularly the West, entered with the 2007-2009 crisis after the bursting of the subprime mortgage bubble.

“Secular stagnation” consists of very low GDP growth, well below potential. According to Summers, the low growth is due to reduced capital investment. After all, growth prior to the subprime mortgage crisis was always due to excessively expansionary fiscal and monetary policy, based on the maintenance of very low interest rates by the Fed, the U.S. central bank. In essence, Summers notes, there has not been a single period in the past fifteen or twenty years when satisfactory growth has occurred under sustainable financial conditions. This problem, however, has not only affected the U.S., but also the euro area and Japan.

What Summers wrote in 2014 has been confirmed in what has happened to date. GDP growth has shrunk everywhere, and in 2020 there was, as a result of the pandemic, the most severe recession since the end of World War II. However, the slowdown has been more pronounced in the major advanced countries and less pronounced in some emerging countries. This phenomenon can be observed by comparing the G7 countries (the United States, Japan, Germany, the United Kingdom, France, Italy, and Canada) with the Brics (China, India, Brazil, Russia, and South Africa), both in the period before the subprime mortgage crisis, between 1980 and 2007, and in the period after, between 2007 and 2021.

The growth of the Triad countries, which includes the three historically dominant areas of world capitalism, North America, Western Europe and Japan, was already lower than that of the Brics in the period 1980-2007, but after 2007 it halved. The U.S., for example, between 1980 and 2007 shows an average annual growth of 3.1 percent, which halves to 1.5 percent in 2007-2021. On the other hand, China and India record much higher growth than the U.S. over the 1980-2007 period, 10.1 percent and 6.1 percent per year on average, respectively. In the 2007-2021 period, China's and India's growth declines, but much less than that of the U.S., at 7 percent and 5.5 percent per year on average, respectively, thus remaining much higher than that of the U.S.

Against this backdrop, there is no doubt that we will see an intensification of propaganda that would like to convince the Western citizen that we continue to be the pivot of the world; the Western oligarchies have already lost control over the rest of the world, the military

showdown of the Russians in Syria and the indifference with which the Chinese continue to develop their military strength in the seas around their own country, leaves the American oligarchs with no alternative but to accept that the world is multi polar or immolate themselves in a huge nuclear pyre.

Now the Western oligarchies are also losing control over their own countries and will either be forced to concentrate their resources here or defy common sense in a revival of an international policy of confrontation that the people, at least in Europe, absolutely do not want. It opens up a period several generations long where the focus will not be on increasing individual material well-being but on trying to keep up the collective structures necessary to maintain a modern state.”

Coming to our country, the first thing that those who care about the fate of our national collective should do is to take into account precisely the picture described above. Only in this way will it be possible to find a solution to the social problems gripping our country, framing them in a new context that will make possible a new wave of social-economic development. However, this will mean making courageous choices, which will have to see us move out of the rut in which we currently find ourselves ... And perhaps that is the main problem today: not to flatten on the adage “As long as the boat is going, let it go”! Choosing a context in which our country – as well as Europe, or rather the Eurozone to which we can expand the perimeter of the discourse – only ostensibly plays (play) a role within the international community but is in reality “exploited” by the hegemon of the Western world and constitutes a pawn, potentially expendable in perspective, in case the hegemon finds itself in a situation of insurmountable difficulty, such as to require the sacrifice of a peripheral part of the Empire. This, the ability to make courageous choices, seems to be the main obstacle standing between the sad and complex reality of our days and a bright future for the next generations of Italians. Unfortunately, history cannot be stopped, just as you cannot stop a train by standing in the middle of the tracks ... perhaps with your back to it! So if we do not make the courageous choices they will be imposed on us by the evolving global environment. In fact, I am personally convinced that: “Either societies adapt to historical change, or they are overwhelmed by it.” A simple, common-sense principle, after all! A principle that applies primarily in the ring, in the martial arts where adaptation in physical confrontation is paramount, and today’s global confrontation is certainly a physical confrontation between two worlds! Reasoning in this petty way, but precisely for this reason comprehensible to all, the fate of a country-primarily of our country-depends on the ability to adapt to the new context, choosing the ideal positioning, consistent with its structural characteristics and potential: even the small ones, if they fight correctly, can knock out- figuratively, of course, in our case- those bigger than themselves, especially if “the big ones” are infused with neo-liberal assumptions, which unravel like snow in the sun in the face of the force of the cycle.

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